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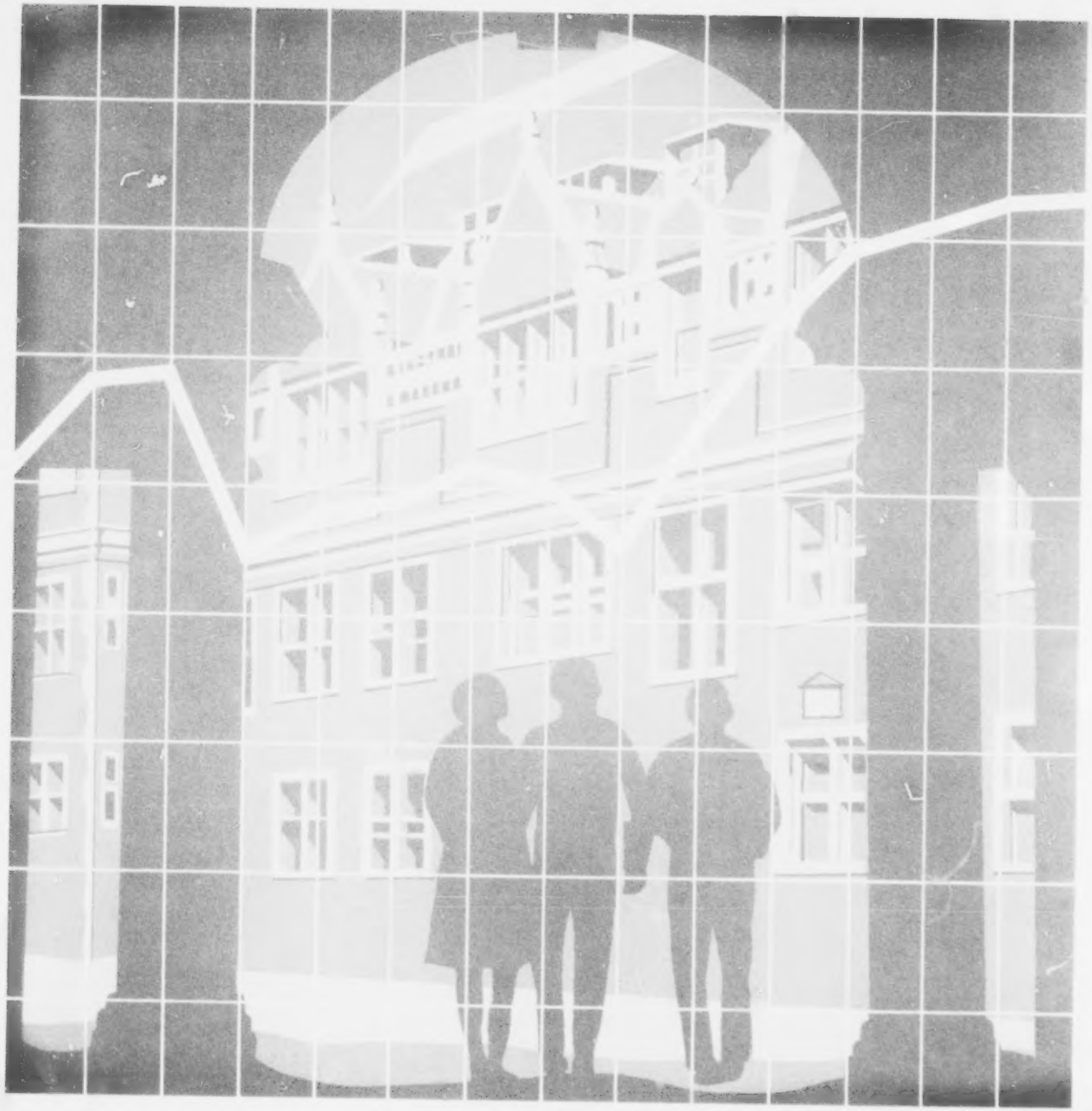


CFAE

Council for Financial Aid to Education, Inc.

Corporate Support of Education 1982

Council for
Financial Aid to
Education, Inc.

Foreword

Once again the results reported in this survey run counter to what might have been expected. Respondents in 1982 reported large increases in both education support and gifts to all causes, despite even larger declines in corporate profits in 1982. Gifts of company products and of other in-kind items, comprising almost 11 percent of total contributions, helped make some of this growth possible. High earnings on invested assets of corporate foundations also helped to fund expansion of contributions programs. But the major force behind the increases appears to be an increased corporate commitment to philanthropy in general and to education in particular.

Increased corporate support is not the only good news for colleges and universities in 1982. Many of the dire predictions about enrollment declines and disastrous cuts in federal student aid programs did not materialize. Students enrolled in about the same numbers as in the previous year; Congress funded most of the aid programs at approximately the same levels, or in some cases, even increased the appropriations; and inflation in the costs of the goods and services purchased by higher education institutions abated, as did the Consumer Price Index. Corporate gifts therefore went further toward helping meet college budgets.

This does not mean that the colleges are out of the financial woods, however. Stable enrollments have been achieved at some cost—expensive recruitment efforts and diversion of institutional resources to larger student aid packages, for example. Tight budgets continue to be balanced by deferring maintenance of plant and equipment and postponing salary increases, expansion of library resources and purchases of state-of-the-art laboratory equipment.

Corporate contributions will probably play an increasingly important role in helping the colleges deal with these financial problems. One reason is the improvement in corporate profits after three very lean years. But even more important is the new spirit of understanding and cooperation that is animating relations between corporations and colleges. More and more corporations are looking at support of education as an investment in the future. Colleges are increasingly aware of the value of corporate ties. As a result, both parties are strengthening old relationships and initiating new ones, a development that should make each a more effective instrument for the improvement of our society.

John R. Haire
President

January 1984

Corporate Support of Education 1982

Highlights

National Estimates — Page 2

Corporate Support of Education in 1982 Rose 20.4 Percent above 1981 to an estimated new high of $1.3 billion

Education's Share of Total Corporate Contributions continued to rise to a record 44.1 percent

Total Corporate Contributions Rose 13.4 Percent in 1982 to an estimated $2.95 billion

Both Support of Education and Total Contributions Rose for the third straight year despite three years of profit declines

Survey Results — Page 5

Contributions by Company Foundations again exceed receipts, but shortfalls are more than covered by earnings on foundations' assets

Gifts of Company Products and In-Kind Items exceed $131 million, comprising almost 11 percent of total contributions

442 Companies in Both 1982 and 1981 Surveys report 32.0 percent growth in education support despite 13.3 percent decline in pretax net income

Education Support Between 1977 and 1982 increased an average 29.9 percent each year from manufacturing companies, 26.1 percent from nonmanufacturing companies

Departmental and Research Grants almost doubled between 1980 and 1982 because of equipment gifts

Matching Gifts Continued to Climb both in dollar value and as a percent of total education contributions; unrestricted gifts claimed a smaller share of support than in the past

Appendix — Page 19

Additional copies, $6.00 prepaid.

Table I
National Trends in Corporate Pretax Net Income and Contributions

Year	Corporate Pretax Net Income* (billions of dollars)	Corporate Contributions (millions of dollars) Total**	Education***	Contributions as a Percentage of Corporate Pretax Net Income Total	Education	Educational Support as a Percentage of Total Contributions
1967	79.7	830	315	1.04	0.40	38.0
1968	88.5	1,005	355	1.14	0.40	35.3
1969	86.7	1,055	375	1.22	0.43	35.5
1970	75.4	797	320	1.06	0.42	40.2
1971	86.6	865	345	1.00	0.40	39.9
1972	100.6	1,009	365	1.00	0.36	36.2
1973	125.6	1,174	410	0.93	0.33	34.9
1974	136.7	1,200	445	0.88	0.33	37.1
1975	132.1	1,202	450	0.91	0.34	37.4
1976	166.3	1,487	560	0.89	0.34	37.7
1977	194.7	1,791	665	0.92	0.34	37.1
1978	229.1	2,084	780	0.91	0.34	37.4
1979	252.7	2,288	880	0.91	0.35	38.5
1980	234.6	2,359	960	1.01	0.41	40.7
1981	227.0	2,600***	1,080	1.14	0.48	41.5
1982	174.2	2,950***	1,300	1.69	0.74	44.1

* U.S. Department of Commerce.
** Internal Revenue Service.
*** CFAE.

Part I. National Trends in Corporate Support of Education

Corporate support of education in 1982 rose to an estimated $1.30 billion. This is a 20.4 percent rise of $220 million over the $1.08 billion estimated in 1981. This increase occurred despite a 23.3 percent drop in pretax net income, the third year in a row in which education support grew while profits declined. Corporate support of education thus claimed a record high of 0.74 percent of corporate PTNI in 1982. This is the highest proportion for any year for which there are estimates, starting in 1950.

Total corporate contributions exhibited a similar pattern. They rose $350 million, or 13.4 percent, over 1981 and reached an estimated $2.95 billion. Because corporate profits were down, total corporate gifts were at 1.69 percent of PTNI, the highest level on record.

During the 15-year period shown in **Table I** there have been three periods when pretax net income dropped, 1968-70, 1974-75 and 1979-82. In 1970 both total gifts and those to education declined in the second year of the profit downturn. In 1975 gifts to all causes and to education both remained at almost the same level despite the profit decline. The picture has been quite different during the 1980-82 period. Both total contributions and support of education have grown at steadily increasing rates in the face of diminishing profits. This suggests a growing corporate commitment to philanthropy in general and to education in particular.

The ability of corporate contributions programs to expand during periods of profit decline has been due in large part to the existence of corporate foundations. The foundations increase their grants during recessions by using earnings on their assets, by drawing on their assets or by a combination of the two to make up for cuts in their sponsoring companies' contributions. In periods of high profits, on the other hand, corporations pay into their foundations more than the foundations pay out and thus rebuild foundation assets.

The total contributions reported in Table I are those reported to the Internal Revenue Service (IRS) on income tax returns. They include transfer payments made to corporate foundations but do not include contributions made by the foundations. In 1980, 1981 and 1982, as is

common in periods when profits decline, payments into the foundations were less than the grants made by those foundations. Indeed, the deficits between grants into and payments out of the foundations were larger each succeeding year (see Table IV, page 5, for the figures reported in these three years). The figures reported to the IRS thus understated the actual flow of corporate dollars to philanthropic causes between 1980 and 1982.

CFAE's estimates of education support, on the other hand, include the gifts and grants made *by* the foundations but exclude company payments *to* them.

The Effects of Inflation

Much of the growth in both total contributions and gifts to education in the last 15 years, especially since 1974, has been driven by inflation. During the 1950s and early 1960s the Consumer Price Index (CPI), a measure of inflation, rose less than 3 percent a year on average. The CPI began accelerating in the late 1960s and reached double-digit levels in the late 1970s. The average annual growth rates for the CPI, together with those for PTNI and total and education contributions of corporations between 1967 and 1982 is as follows:

Average Annual Growth Rates

	Corporate Contributions			
	PTNI	Total	Education	CPI
1967-1972	4.5%	4.0%	3.0%	4.6%
1972-1977	14.1	12.3	12.7	7.7
1977-1982	10.2	10.4	14.3	9.8
1967-1982	7.3	8.8	9.9	7.3

When adjusted for inflation, the average annual growth in both total gifts and support of education between 1967 and 1972 was negative, while corporate profits remained almost level. Between 1972 and 1977 profits and philanthropy rose between 4 and 6 percent a year faster than inflation. In the period between 1977 and 1982, when inflation was at its highest average level, adjusted corporate profits declined, total contributions kept even with inflation, and gifts to education rose an average 4.2 percent more than inflation each year.

The eroding effect of inflation on corporate contributions to education is graphically shown in **Chart 1**. In current dollars gifts have ascended steadily and steeply since 1975. When those dollars are adjusted for the CPI (1967 = 100), the slope varies. In some years education contributions in constant dollars rose, in others they declined, but overall they have grown.

The Importance of Corporate Support to Higher Education

Corporations have historically channeled between 70 and 75 percent of their total education grants directly to colleges and universities. This support accounted for between 14 and 16 percent of all voluntary support received by the colleges. During the last half of the 1970s, however, the picture began to change. Just as in the first half of the decade corporate support grew at an average annual rate of 7.1 percent and in the last half of the decade the average annual growth

Chart 1
Estimated Corporate Contributions to Education, 1967-1982 (millions of dollars)

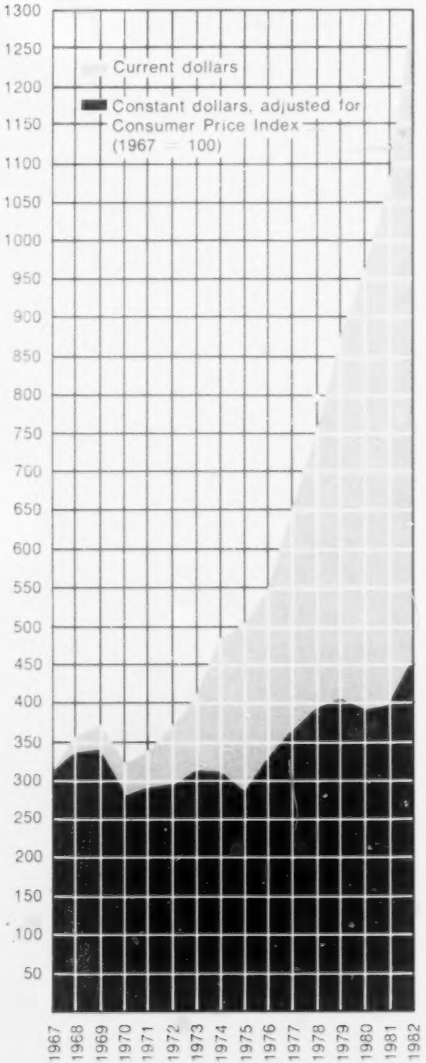


Table II
Corporate Support of Colleges and Universities in Relation to Total Voluntary Support and Institutional Expenditures

Year	Total Expenditures of Institutions of Higher Education* (billions of dollars)	Voluntary Support of Institutions of Higher Education** (millions of dollars)		Voluntary Support as a Percentage of Institutional Expenditures		Corporate Support as a Percentage of Total Voluntary Support
		Total	Corporate	Total	Corporate	
1966-67	17.5	1,480	249	8.5	1.4	16.8
1967-68	19.9	1,600	250	8.0	1.3	15.6
1968-69	22.0	1,800	272	8.2	1.2	15.1
1969-70	24.7	1,780	269	7.2	1.1	15.1
1970-71	26.9	1,860	259	6.9	1.0	13.9
1971-72	29.1	2,020	275	6.9	0.9	13.6
1972-73	31.3	2,240	318	7.1	1.0	14.2
1973-74	34.2	2,240	354	6.5	1.0	15.8
1974-75	38.9	2,160	357	5.6	0.9	16.5
1975-76	42.6	2,410	379	5.6	0.9	15.7
1976-77	46.1	2,670	446	5.8	1.0	16.7
1977-78	49.4	3,040	508	6.1	1.0	16.7
1978-79	54.1	3,230	556	6.0	1.0	17.2
1979-80	62.5	3,800	696	6.1	1.1	18.3
1980-81	70.5	4,230	778	6.0	1.1	18.4
1981-82	77.3	4,860	976	6.3	1.3	20.1
1982-83 p.	82.5	5,150	1,100	6.2	1.3	21.4

* U.S. Department of Education.
** Estimates by CFAE from Surveys of Voluntary Support of Education, from government documents and other sources.
p. Preliminary.

rate rose to 16.4 percent, so has the importance of corporate support to colleges and universities risen dramatically since 1976-77. In 1979-80 and 1980-81 corporations provided slightly over 18 percent of all private support; by 1981-82 and 1982-83 their gifts accounted for more than 20 percent of all voluntary support.

As can be seen in **Table II**, corporate support of higher education exhibited some of the same patterns seen with corporate support of education and of all causes. During the recessions of 1969-70 and 1974-75, corporate support declined only in the 1969-70 period. In the last several academic years, however, gifts to colleges and universities from corporations increased despite difficult times.

Between 1967-68 and 1982-83 institutional expenditures were expanding even more rapidly than corporate gifts. Expansion in enrollment and the establishment of many new institutions, particularly public two- and four-year colleges, together with inflation in the costs of goods and services purchased, caused institutional budgets to rise almost 10 percent each year. Corporate gifts did not begin to attain an equally high rate of growth until the end of the 1970s. Between 1977-78 and 1982-83 corporations added an average additional 16.7 percent each year to their previous year's support. These rises finally surpassed the high rate of growth in college expenditures, and corporate gifts assumed rising importance in institutional budgets, although they have not yet reached the 1.9 percent level of the late 1950s.

Total voluntary support of colleges and universities has exhibited the same growth patterns. Because of its recent extraordinary expansion, it has been gradually regaining the share it held relative to institutional budgets in the 1950s and early 1960s, when gift income accounted for over 10 percent of expenditures.

The continuing growth in both corporate support and total contributions reflects, in part, an increasing emphasis by colleges and universities on institutional "development" or "advancement." Many public and two-year institutions are raising private funds for the first time. Many small private institutions are approaching corporations and foundations for the first time. More and more, fund raising is being professionalized. Donors also appear more aware of college needs and are responding more generously to requests for funds. Matching gift programs have been adopted by more corporations and are responsible for some of the growth in corporate gifts. The Economic Recovery Tax Act of 1981 also has encouraged rapid expansion of gifts of company products.

Part II.
The Survey Results

The 534 companies tabulated in this survey reported contributions of $1.28 billion in 1982, a 9.4 percent increase over the amount reported in 1981 by 789 companies (see **Table III**). Support of education in this period rose 21.5 percent, from $429.8 million in 1981 to $522.2 million in 1982.

Survey Sample Restructured

The smaller number of respondents to the 1982 survey is due to a restructuring of the corporate sample which resulted in fewer companies being surveyed. The restructuring was based upon a recent CFAE study, *A Profile of Corporate Contributions*. This study analyzed the 1977 corporate tax file. It found that corporations with assets of $100 million or more accounted for almost 62 percent of all corporate contributions that year although they comprised less than 1 percent of the total corporate community. Or, expressed differently, corporations reporting gifts of $100,000 or more were less than 1 percent of all corporations, but their donations were 65 percent of all corporate gifts. These patterns were persuasive evidence that the criteria for the survey sample should be refined

Table III
Distribution of Corporate Contributions
(millions of dollars)

	1980 732 companies		1981 789 companies		1982 534 companies	
Education	$375.8	37.8%	$ 429.8	36.7%	$ 522.2	40.7%
Health and Human Services	337.9	34.0	393.4	33.6	397.3	31.0
Culture and Art	108.7	10.9	139.6	11.9	145.8	11.4
Civic Activities	116.8	11.7	136.7	11.7	149.3	11.7
Other	55.4	5.6	71.3	6.1	67.0	5.2
	$994.6	100.0%	$1,170.8	100.0%	$1,281.6	100.0%

Table IV
Structure of Corporate Contributions
(millions of dollars)

	1974	1977	1978	1979	1980	1981	1982
Total Company Gifts	$437.7 (772)	$639.9 (793)	$834.4 (740)	$855.7 (763)	$944.7 (709)	$1,039.1 (768)	$1,116.8 (519)
Less: Gifts to Company Foundations	154.1 (239)	285.1 (246)	418.7 (249)	372.1 (291)	381.4 (249)	361.6 (239)	367.1 (186)
Direct Company Gifts to Others	283.6 (730)	354.8 (731)	415.7 (697)	483.6 (722)	563.3 (661)	677.5 (735)	749.7 (494)
Plus: Company Foundation Gifts	154.3 (329)	240.9 (341)	277.5 (329)	351.9 (352)	431.3 (353)	493.3 (359)	531.9 (286)
Total Corporate Contributions	$438.1 (799)	$595.7 (816)	$693.2 (759)	$835.5 (786)	$994.6 (732)	$1,170.8 (789)	$1,281.6 (534)
Difference Between Foundation Receipts and Foundation Gifts	− .2	+44.2	+141.2	+ 20.2	− 49.9	−131.7	−164.8
Cumulative Change from 1974	− .2	+ 0.9	+142.1	+162.3	+112.4	− 19.3	−184.1
Number of Companies with Foundations	343	340	345	379	376	389	297

(Numbers in parentheses show the number of companies reporting.)

Table V
Percentage of Reporting Companies with Corporate Foundations, by Industry, 1982

Industry	Percentage
MANUFACTURING	
Fabricated Metals	88.9
Primary Metals	88.2
Rubber	80.0
Paper & Allied Products	77.8
Transportation Equipment	73.3
Printing & Publishing	72.7
Chemicals	71.9
Electrical Machinery	68.4
Food, Beverage & Tobacco	67.9
Textiles & Apparel	66.7
Machinery	66.7
Stone, Clay & Glass	63.6
Pharmaceutical	56.3
Petroleum & Gas	50.0
Mining	20.0
All Manufacturing	68.1
NONMANUFACTURING	
Engineering & Construction	75.0
Finance	70.0
Banks	65.5
Merchandising	56.5
Insurance	63.3
Business Services	55.6
Transportation	33.3
Utilities	15.8
Telecommunications	9.5
All Nonmanufacturing	46.3
ALL COMPANIES	57.9

to include more companies 1) with assets of $100 million or more or 2) with contributions programs of at least $100,000. With this known universe, analysis can be more definitive. In future years, as additional tax files are made available, better comparisons will be possible between the information from the corporate tax returns and the data gathered in this survey.

The sample for the 1982 survey was therefore restructured to include the *Fortune* 1,000 manufacturing companies, the top 50 or 100 of each nonmanufacturing industry group, and other companies with contributions budgets of $100,000 or more. This produced a sample of about 2,000 instead of the 3,500 of previous years. The smaller sample, however, elicited a higher percentage of returns. All but nine of the respondents reported assets above $100 million, and all but eleven made contributions of $100,000 or more.

Education Support Surges

The growth of education support dollars and of their share of total corporate contributions has been quite consistent over the last five years. In 1977, 37.0 percent of corporate contributions went to education. By 1982, after an average annual increase of 18.9 percent a year, education support accounted for two-fifths of all corporate philanthropy. Much of this growth has been at the expense of donations to health and human services. Their share of the total has consistently decreased during the same time period from 38.3 percent in 1977 to 31.0 percent in 1982. Gifts to culture and the arts have also cut into the health and human services' share of corporate donations. Culture and the arts claimed 11.4 percent of all corporate grants in 1982, up from 9.0 percent in 1977.

For the first time the 1982 survey collected information from the respondents about the extent of their product donations. Passage of the Economic Recovery Tax Act (ERTA) in 1981 enabled corporations to take increased deductions for inventory items given to colleges and universities for research and the teaching of research. The first full year in which the provisions of the act were in effect was 1982. The results are as follows:

Type of Gift (Thousands of Dollars)	Foundation	Company	Total
Cash	[illegible]	[illegible]	[illegible]
Company Product	[illegible]	[illegible]	[illegible]
Other Property	[illegible]	[illegible]	[illegible]
TOTAL	[illegible]	[illegible]	[illegible]

Note: Numbers in parentheses are estimated contribution amounts.

These data will be valuable for future analyses of the impact of in-kind gifts.

Company-sponsored foundations made few gifts of property, as expected, but they made nearly half the cash gifts. In 1974 foundation gifts accounted for about 35 percent of all corporate support. By the 1980s their share was over 41 percent, as shown in Table IV.

Table V examines the distribution of corporate foundations. Manufacturing industries, which tend to be more cyclical than nonmanufacturing industries, are more likely to establish foundations than are the nonmanufacturers. The interesting thing about the patterns seen in 1982 is the change from 1981. In 1981, 57 percent of the manufacturers had foundations; in 1982, as the size of the sample changed, the proportion having foundations increased dramatically to 68 percent. The nonmanufacturing industries exhibited a similar pattern: 46 percent of the 1982 participants reported foundations versus 41 percent in 1981. Size is evidently an important factor in determining the need for a foundation. Tax considerations also are critical. Many of the companies in banking and insurance, for example, have established Clifford Trusts to distribute their contributions dollars, primarily for tax reasons.

The grants made to the foundations by their parent companies are only one index of the foundations' grant-making capacities. Of critical importance is the income from investment of accumulated assets. **Table VI** shows how earnings often make the difference between payments into foundations and grants made. In 1982, foundations in ten manufacturing industries made grants exceeding the payments into them. In seven of these industries, earnings on foundation assets were sufficient to fund this shortfall; in the other three industry groupings, the foundations dipped into capital to make grants in 1982. This was a considerable improvement over 1981, when foundations in ten manufacturing categories made grants from capital.

It is interesting to note that 25 companies gave only through their foundations. Seventeen of them were manufacturers, 8 service industries. They made grants to their foundations but no direct company gifts.

Table VI
Foundation Cash Flow, by Industry, 1982

Industry	Payments into Foundations	Earnings	Grants Made by Foundations	Net Change
MANUFACTURING				
Chemicals(11)	$ 18,592,008	$ 1,616,951	$ 19,459,923	+$ 749,036
Electrical Machinery(18)	26,318,773	7,826,131	31,302,559	+ 2,842,345
Fabricated Metals(6)	1,935,000	568,008	1,877,235	+ 625,773
Food, Beverage & Tobacco(14)	19,828,517	6,549,316	19,623,683	+ 6,754,150
Machinery(10)	10,245,200	3,079,018	12,433,546	+ 890,672
Paper & Allied Products(6)	6,067,654	5,250,382	7,915,829	+ 3,402,207
Petroleum & Gas(6)	69,375,356	12,907,555	81,084,669	+ 1,198,242
Pharmaceuticals(7)	10,966,500	1,909,457	15,622,867	— 2,746,910
Primary Metals(5)	4,345,000	2,456,132	5,777,239	+ 1,023,893
Printing & Publishing(5)	4,702,980	458,338	6,105,328	— 944,010
Rubber(4)	1,158,000	659,733	1,578,449	+ 239,284
Stone, Clay & Glass(4)	4,119,973	1,933,802	6,151,719	— 97,944
Textiles & Apparel(4)	8,400,000	2,565,684	6,960,749	+ 4,004,935
Transportation Equipment(5)	29,891,000	24,454,445	25,277,907	+ 29,067,538
Total(105)	$215,945,961	$ 72,234,952	$241,171,702	+$47,009,211
NONMANUFACTURING				
Banks(17)	$ 19,740,089	$ 7,578,472	$ 25,854,985	+$ 1,463,576
Business Services(3)	3,263,532	1,350,191	2,673,125	+ 1,940,598
Engineering & Construction(2)	1,711,874	1,368,176	1,413,246	+ 1,666,804
Finance(4)	4,465,867	516,709	4,492,881	+ 489,695
Insurance(11)	34,473,276	12,406,734	15,726,559	+ 31,153,451
Merchandising(6)	16,404,661	3,017,874	15,301,801	+ 4,120,734
Telecommunications(1)	4,355,763	1,678,000	4,322,000	+ 1,711,763
Utilities(4)	6,100,000	1,909,468	3,470,023	+ 4,539,445
Total(48)	$ 90,515,062	$ 29,825,624	$ 73,254,620	+$47,086,066
GRAND TOTAL(153)	$306,461,023	$102,060,576	$314,426,322	+$94,095,277

(Numbers in parentheses show the number of companies reporting.)

Table VII
Changes in Market Value of Corporate Foundation Assets, by Industry, 1982

Industry	Assets as of 1/1/82	Assets as of 12/31/82	Net Change in Assets*	% Change
MANUFACTURING				
Chemicals(19)	$ 92,095,078	$ 97,009,674	+$ 4,914,596	+ 5.3
Electrical Machinery(23)	204,787,126	204,613,438	— 173,688	— 0.1
Fabricated Metals(6)	5,942,844	7,119,792	+ 1,176,948	+19.8
Food, Beverage & Tobacco(16)	50,696,578	59,656,972	+ 8,960,394	+17.7
Machinery(15)	41,626,318	42,343,104	+ 716,786	+ 1.7
Mining(1)	6,135,480	4,956,207	— 1,179,273	—19.2
Paper & Allied Products(11)	34,067,149	39,092,577	+ 5,025,428	+14.8
Petroleum & Gas(12)	230,416,681	238,273,320	+ 7,856,639	+ 3.4
Pharmaceuticals(8)	30,692,216	28,472,205	— 2,220,011	— 7.2
Primary Metals(15)	227,635,303	242,858,895	+ 15,223,592	+ 6.7
Printing & Publishing(6)	11,245,830	7,881,018	— 3,364,812	—29.9
Rubber(4)	13,294,484	15,084,405	+ 1,789,921	+13.4
Stone, Clay & Glass(6)	19,945,923	19,779,782	— 166,141	— 0.8
Textiles & Apparel(5)	30,015,698	31,465,945	+ 1,450,247	+ 4.8
Transportation Equipment(10)	138,399,997	155,807,135	+ 17,407,138	+12.6
Total(157)	$1,1[illegible]5,705	$1,194,414,469	+$57,417,764	+ 5.1
NONMANUFACTURING				
Banks(32)	$ 129,009,491	$ 135,068,088	+$ 6,058,597	+ 4.7
Business Services(3)	9,688,006	12,253,204	+ 2,565,198	+26.4
Engineering & Construction(3)	9,327,973	12,236,094	+ 2,908,121	+31.2
Finance(5)	5,776,890	6,723,985	+ 947,095	+16.4
Insurance(30)	220,809,730	243,997,647	+ 23,187,917	+10.5
Merchandising(8)	24,751,755	28,580,045	+ 3,828,290	+15.4
Telecommunications(2)	9,475,000	10,414,000	+ 939,000	+ 9.9
Transportation(3)	11,969,362	7,321,649	— 4,647,713	—38.8
Utilities(7)	18,422,983	23,417,717	+ 4,994,734	+27.1
Total(93)	$ 439,231,190	$ 480,012,429	+$40,781,239	+ 9.3
GRAND TOTAL(250)	$1,576,227,895	$1,674,426,898	+$98,199,003	+ 6.2

* Some of the companies reported face value of bonds, which did not change during the year.
(Numbers in parentheses show the number of companies reporting.)

Another way of assessing the impact of company-sponsored foundations is through analyzing the size of their assets (see **Table VII**). The market value of foundation assets increased $98 million in 1982. Many more of the industries reported increases in the market value of their foundations' assets in 1982 than in 1981.

Comparisons Over Time

The relationship between contributions and two financial measures are shown in **Table VIII** for companies reporting financial data on a worldwide basis and for those reporting on United States operations only. The ratios of giving to income in each category differ widely because worldwide pretax net income declined more in 1982 than did domestic income.

On both a worldwide and a United States only basis, total contributions and education support rose dramatically, while income declined. Giving ratios thus rose significantly. This pattern was seen in earlier recession years, but it is more pronounced in 1982 because of the sharper decline in profits. Even if PTNI had remained constant in 1982, however, the growth in both total contributions and education support, on both a worldwide and United States only basis, would still have increased the giving ratios.

Table VIII
Total Contributions and Support of Education in Relation to Worldwide and U.S. Only Pretax Net Income and Assets (000 omitted)

Worldwide	1982 513 companies	1981 712 companies	1980 659 companies	1979 730 companies	1978 711 companies	1977 749 companies
Total Contributions	$ 1,255,464	$ 1,116,261	$ 959,249	$ 805,521	$ 671,721	$ 573,517
Support of Education	511,725	407,270	362,494	303,876	248,334	204,127
Pretax Net Income	134,746,000	165,277,000	164,735,000	159,841,000	138,496,000	119,966,200
Assets	2,921,421,000	2,959,364,000	2,642,819,000	2,352,594,000	2,082,603,800	1,939,027,600
Total Contributions as % of:						
Pretax Net Income	0.932	0.675	0.582	0.503	0.485	0.478
Assets	0.043	0.038	0.036	0.034	0.032	0.030
Support of Education as % of:						
Pretax Net Income	0.380	0.246	0.220	0.190	0.179	0.170
Assets	0.018	0.014	0.014	0.013	0.012	0.011
Support of Education as % of Total Contributions	40.8	36.4	37.8	37.7	37.0	35.6

U.S. Only	383 companies	525 companies	477 companies	543 companies	528 companies	552 companies
Total Contributions	$ 918,595	$ 681,494	$ 532,260	$ 498,063	$ 411,676	$ 317,386
Support of Education	358,383	235,115	192,482	188,832	145,458	105,447
Pretax Net Income	79,334,000	81,833,000	65,963,000	74,711,000	68,835,900	56,553,100
Assets	1,637,241,000	1,552,140,000	1,190,370,000	1,218,375,000	1,184,678,000	1,088,750,400
Total Contributions as % of:						
Pretax Net Income	1.158	0.833	0.807	0.667	0.598	0.561
Assets	0.056	0.044	0.045	0.041	0.034	0.029
Support of Education as % of:						
Pretax Net Income	0.452	0.287	0.292	0.253	0.211	0.187
Assets	0.022	0.015	0.016	0.015	0.012	0.010
Support of Education as % of Total Contributions	39.0	34.5	36.2	37.9	35.3	33.2

Table IX
Support of Education, Two Survey Years
(442 Companies Participating in Both Surveys)

Industry	1982 Worldwide Pretax Net Income (millions)	1982 Support of Education Amount (000)	1982 Support of Education % of PTNI	1982 Support of Education % of Total Contributions	1981 Worldwide Pretax Net Income (millions)	1981 Support of Education Amount (000)	1981 Support of Education % of PTNI	1981 Support of Education % of Total Contributions	% Change 1982-1981 Education	% Change 1982-1981 PTNI	% Change 1982-1981 Total Contributions
MANUFACTURING											
Chemicals(29)	$ 11,905	$ 56,903	.478	50.0	$ 12,459	$ 41,516	.333	44.6	+ 37.1	— 4.4	+22.4
Electrical Machinery(32)	16,419	66,002	.402	49.7	15,699	48,364	.308	47.8	+ 36.4	+ 4.6	+31.1
Fabricated Metals(8)	366	1,619	.442	33.3	475	1,683	.354	23.1	— 3.8	— 22.9	—33.2
Food, Beverage & Tobacco(25)	8,924	33,365	.374	37.4	8,488	20,894	.246	34.4	+ 59.7	+ 5.1	+47.1
Machinery(24)	1,291	47,964	3.714	67.7	4,542	22,476	.494	51.4	+113.4	— 71.6	+62.0
Mining(5)	—391	1,967	—	46.0	700	2,444	.349	46.3	— 19.5	—155.9	—18.9
Paper & Allied Products(15)	1,111	8,894	.801	34.6	1,982	9,630	.486	34.2	— 7.6	— 43.9	— 8.6
Petroleum & Gas(25)	40,012	113,736	.284	46.1	48,985	89,844	.183	44.0	+ 26.6	— 18.3	+20.7
Pharmaceuticals(16)	4,463	13,677	.306	30.9	3,879	12,324	.318	31.6	+ 11.0	— 15.1	+13.5
Primary Metals(17)	—3,858	15,168	—	43.8	3,765	14,018	.372	41.2	+ 8.2	—202.4	+ 1.7
Printing & Publishing(10)	1,225	6,263	.511	38.2	1,184	5,444	.460	38.1	+ 15.0	+ 3.4	+14.7
Rubber(5)	469	2,407	.513	35.5	825	1,441	.174	34.1	+ 67.0	— 43.2	+60.4
Stone, Clay & Glass(10)	421	5,743	1.363	37.1	1,299	5,869	.452	33.7	— 2.1	— 67.7	—11.0
Textiles & Apparel(11)	634	3,017	.476	29.5	1,025	3,281	.320	30.6	— 8.0	— 38.1	— 4.8
Transportation Equipment(13)	1,908	33,498	1.755	47.4	1,465	24,604	1.680	40.2	+ 36.1	+ 30.2	+15.6
Total(245)	$ 84,901	$410,224	.483	46.3	$106,772	$303,832	.284	41.9	+ 35.0	— 20.5	+22.4
NONMANUFACTURING											
Banks(47)	$ 6,547	$ 20,135	.308	27.7	$ 6,436	$ 16,757	.260	26.2	+ 20.2	+ 1.7	+13.5
Business Services(7)	1,136	2,341	.206	25.7	882	1,375	.156	24.6	+ 70.3	+ 28.8	+63.0
Engineering & Construction(3)	772	1,469	.190	44.8	1,140	1,258	.110	30.4	+ 16.8	— 32.3	—20.7
Finance(7)	1,606	3,380	.210	31.1	1,446	2,120	.147	25.4	+ 59.4	+ 11.1	+30.3
Insurance(46)	3,702*	21,102	.570	32.0	4,129*	15,952	.386	30.0	+ 32.3	— 10.3	+23.9
Merchandising(15)	3,270	7,334	.224	14.5	2,510	8,079	.322	18.1	— 9.2	+ 30.3	+13.4
Telecommunications(19)	10,954	15,590	.142	28.0	10,490	14,213	.135	29.0	+ 9.7	+ 4.4	+13.9
Transportation(7)	1,004	3,641	.363	32.9	1,504	3,423	.228	27.7	+ 6.4	— 33.2	—10.3
Utilities(46)	12,646	9,286	.073	26.6	10,703	7,491	.070	25.1	+ 24.0	+ 18.2	+16.9
Total(197)	$ 41,637	$ 84,278	.202	26.8	$ 39,241	$ 70,669	.180	26.1	+ 19.3	+ 6.1	+15.9
GRAND TOTAL(442)	$126,538	$494,502	.391	41.2	$146,013	$374,501	.256	37.6	+ 32.0	— 13.3	+20.6

(Numbers in parentheses show the number of companies reporting.)
* Insurance company figures are based on "net gain from operations after dividends to policyholders and before federal income tax, excluding capital gains and losses"—the closest measure to pretax net income of corporations generally.

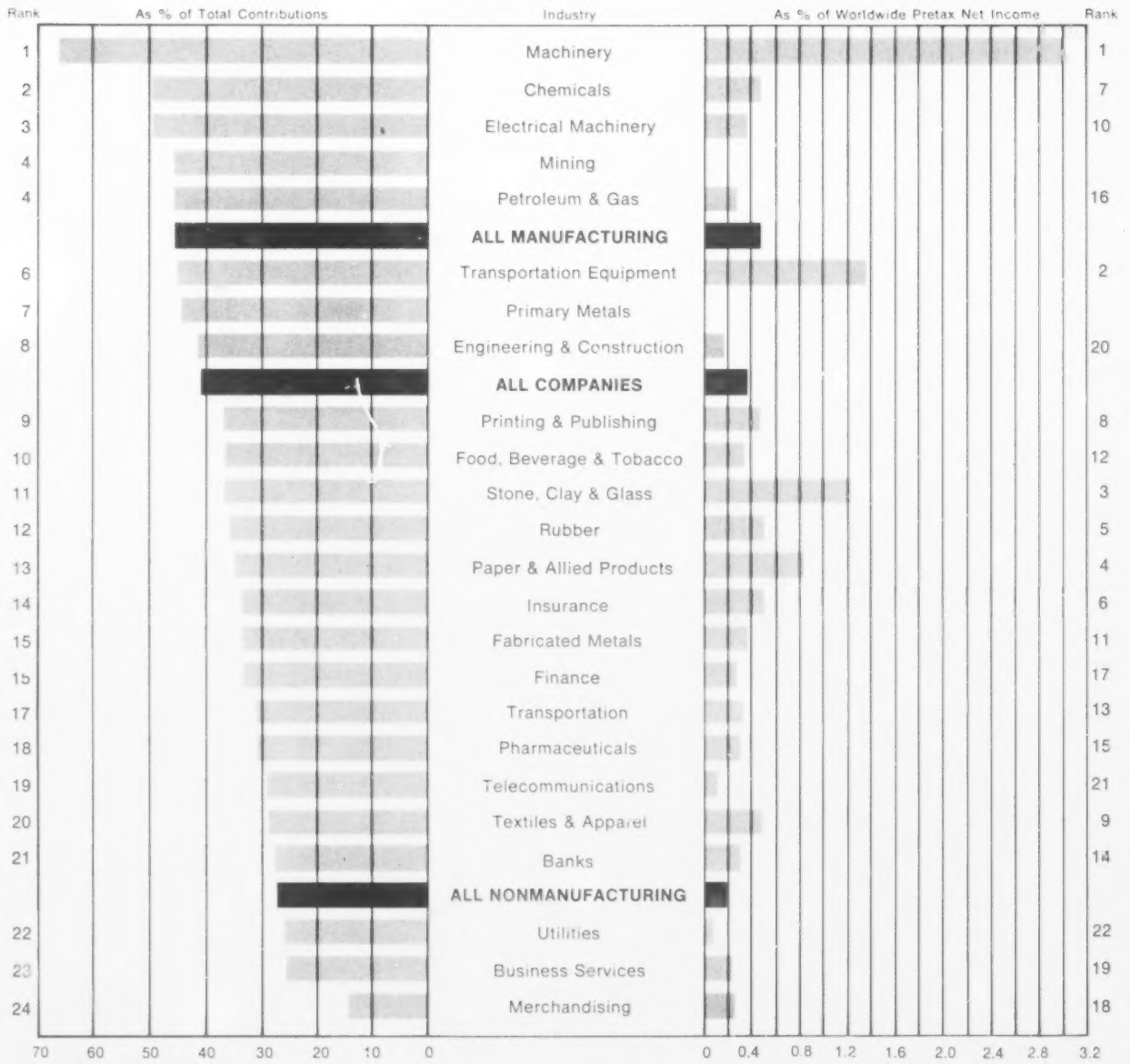
Since the number of companies responding to the survey varies from year to year, it is difficult to make comparative judgments about the significance of changes. This difficulty is minimized in **Table IX**, which examines 442 "core" companies that reported in both 1981 and 1982.

Their giving patterns differ from those in the national estimates in degree but not in direction. The 13.3 percent decline in pretax net income was less steep than the 23.3 percent decline experienced by all reporting corporations. In the "core" group, only the manufacturing industries experienced a nearly similar decrease in PTNI, while the nonmanufacturing industries reported a slight increase. Contributions from this smaller sample of companies to all nonprofit organizations, as well as to education, rose more sharply than did either from all companies.

Of note is the fact that education support from the machinery industry more than doubled. This was almost entirely due to the high value of equipment gifts made by computer companies, encouraged by the Economic Recovery Tax Act of 1981.

As in previous years manufacturing companies made a higher proportion of their gifts to education than did the nonmanufacturing

Chart 2
Comparative Rankings of Educational Support, by Industry, 1982



companies. The manufacturers also increased their gifts to education at a faster rate than did the nonmanufacturers, a pattern that has been fairly consistent in the last several survey reports.

Comparisons by Groupings

Contributions patterns differ by industry, by size of company and by marketing area, as well as by purposes for which gifts are given. The survey data are therefore analyzed by these groupings.

By Industry

One analysis of education support among industry groupings is based on two variables: the percentage of PTNI devoted to education and the proportion of total contributions devoted to education. Chart 2 presents industry rankings based on both of these measures and graphically shows the relationship between the two. The industry rankings on education's share of total contributions are almost identical with those of previous years. The importance attached to education by various industries evidently does not vary significantly from year to year. There is more variation in the rankings by percentage of PTNI given to education because of the fluctuations in profits. In 1982 only two industries had the same ranking on both measures: machinery as No. 1 and utilities as No. 22. Eight industries ranked between 1 and 12 on both measures, and another eight between 13 and 24. These rankings regularly vary from year to year as profits in different industries fluctuate.

Giving patterns of the various industry groupings can also be related to other measures, such as assets. Table X relates total contributions and education support to PTNI and assets. Sales were not used this year because of difficulties in getting comparable data from several nonmanufacturing industry groupings.

The survey respondents are almost equally divided between manufacturing and nonmanufacturing companies. The manufacturing companies report almost twice as much pretax net income as the nonmanufacturing companies, but the latter report assets slightly more than twice as large as the former. Total contributions from the manufacturing companies are 2.7 times those from the nonmanufacturing companies, and the education support of the manufacturing companies is 4.6 times that given by the nonmanufacturing companies. These differences are consistent with patterns from previous surveys.

The percent of pretax net income allocated to education by survey participants has been in a steady upward trend since 1977. It has tripled for the manufacturing companies

Table X
Total Contributions and Support of Education in Relation to Worldwide Pretax Net Income and Assets, 1982

Industry	Pretax Net Income (millions)	Assets (millions)
MANUFACTURING		
Chemicals(32)	$ 12,499	$ 119,664
Electrical Machinery(38)	17,208	124,059
Fabricated Metals(9)	463	5,690
Food, Beverage & Tobacco(28)	9,027	67,904
Machinery(30)	1,602	48,153
Mining(5)	–391	7,846
Paper & Allied Products(18)	1,128	28,677
Petroleum & Gas(26)	40,508	319,988
Pharmaceuticals(16)	4,463	27,424
Primary Metals(17)	–3,858	49,940
Printing & Publishing(11)	1,388	10,000
Rubber(5)	469	9,839
Stone, Clay & Glass(11)	480	16,606
Textiles & Apparel(12)	648	7,931
Transportation Equipment(15)	2,609	104,041
Total(273)	$ 88,245	$ 947,760
NONMANUFACTURING		
Banks(58)	$ 6,786	$ 921,643
Business Services(9)	1,399	11,438
Engineering & Construction(4)	850	7,164
Finance(10)	1,882	87,770
Insurance(49)	4,103*	432,067
Merchandising(23)	3,336	79,085
Telecommunications(21)	12,581	203,012
Transportation(9)	1,113	30,981
Utilities(57)	14,453	200,502
Total(240)	$ 46,501	$1,973,660
GRAND TOTAL(513)	$134,746	$2,921,421
1981 Grand Total(712)	$165 277	$2,959,364

(Numbers in parentheses show the number of companies reporting.)
* Insurance company figures are based on "net gain from operations after dividends to policyholders and before federal income tax, excluding capital gains and losses"—the closest measure to pretax net income of corporations generally.

Total Contributions (000)	Support of Education (000)	Total Contributions as % of: PTNI	Total Contributions as % of: Assets	Support of Education as % of: PTNI	Support of Education as % of: Assets	Education Support as % of Total Contributions	Industry
							MANUFACTURING
$ 121,927	$ 60,206	.975	.102	.482	.050	49.4	Chemicals(32)
138,384	68,061	.804	.112	.396	.055	49.2	Electrical Machinery(38)
5,583	1,832	1.205	.098	.395	.032	32.8	Fabricated Metals(9)
89,980	33,525	.997	.133	.371	.049	37.3	Food, Beverage & Tobacco(28)
73,238	48,651	4.571	.152	3.036	.101	66.4	Machinery(30)
4,276	1,967	—	.054	—	.025	46.0	Mining(5)
26,143	9,154	2.317	.091	.811	.032	35.0	Paper & Allied Products(18)
247,518	113,923	.611	.077	.281	.036	46.0	Petroleum & Gas(26)
44,226	13,677	.991	.161	.306	.050	30.9	Pharmaceuticals(16)
34,640	15,168	—	.069	—	.030	43.8	Primary Metals(17)
17,545	6,561	1.264	.175	.473	.066	37.4	Printing & Publishing(11)
6,776	2,407	1.445	.069	513	.024	35.5	Rubber(5)
15,794	5,827	3.288	.095	1.213	.035	36.9	Stone, Clay & Glass(11)
10,480	3,052	1.617	.132	.471	.038	29.1	Textiles & Apparel(12)
78,040	35,549	2.991	.075	1.362	.034	45.6	Transportation Equipment(15)
$ 914,551	$419,561	1.036	.096	.475	.044	45.9	Total(273)
							NONMANUFACTURING
$ 75,865	$ 20,901	1.118	.008	.308	.002	27.6	Banks(58)
11,051	2,861	.790	.097	.205	.025	25.9	Business Services(9)
3,872	1,606	.456	.054	.189	.022	41.4	Engineering & Construction(4)
14,743	4,837	.784	.017	.257	.006	32.8	Finance(10)
62,251	20,599	1.517	.014	.502	.005	33.1	Insurance(49)
55,722	8,065	1.671	.070	.242	.010	14.4	Merchandising(23)
65,470	19,136	.520	.032	.152	.009	29.2	Telecommunications(21)
12,265	3,796	1.102	.040	.341	.012	31.0	Transportation(9)
39,676	10,363	.275	.020	.072	.005	26.1	Utilities(57)
$ 340,913	$ 92,164	.733	.017	.198	.005	27.0	Total(240)
$1,255,464	$511,725	.932	.043	.380	.018	40.8	GRAND TOTAL(513)
$1,116,261	$407,270	.675	.038	.246	.014	36.4	1981 Grand Total(712)

Table XI
Contributions by Manufacturing Companies, by Size of Worldwide Pretax Net Income and Assets, 1982

Pretax Net Income	% of PTNI		Support of Education as % of Total Contributions
	Total	Education	
Net Loss(32)			41.7
Net Income less than $5 million(7)	5.708	1.864	32.7
$ 5 million under $ 10 million(8)	4.443	1.616	36.4
$ 10 million under $ 25 million(22)	11.241	6.031	53.7
$ 25 million under $ 50 million(30)	2.267	0.684	30.2
$ 50 million under $100 million(45)	1.048	0.399	38.0
$100 million under $250 million(49)	1.176	0.485	41.2
$250 million under $500 million(21)	1.174	0.409	34.9
$500 million under $ 1 billion(20)	1.241	0.632	51.0
$ 1 billion and over(8)	0.727	0.394	54.1
All Manufacturing Companies(273)	1.036	0.475	45.9
Assets			
$ 25 million under $ 50 million(1)	0.263	0.060	22.8
$ 50 million under $100 million(7)	0.213	0.061	28.4
$100 million under $250 million(29)	0.156	0.045	29.1
$250 million under $500 million(40)	0.127	0.047	37.0
$500 million under $ 1 billion(37)	0.096	0.031	32.6
$ 1 billion under $ 2.5 billion(59)	0.102	0.038	37.0
$2.5 billion under $ 5 billion(41)	0.146	0.069	47.5
$ 5 billion under $ 10 billion(18)	0.105	0.047	45.1
$ 10 billion and over(10)	0.082	0.044	53.9
All Manufacturing Companies(273)	1.036	0.475	45.9

(Numbers in parentheses show the number of companies reporting.)

and more than doubled for the non-manufacturers. There are several industries that exhibit extremely high ratios of total contributions and education support to PTNI because of the profit downturns in the last three years. These ratios must therefore be used with care.

By Company Size

Contributions patterns vary according to company size. **Table XI** presents these patterns for the manufacturing companies. The medians for these measures indicate that half the participating companies have pretax net incomes above $92.2 million and assets of more than $1.2 billion. These medians are to be expected, given the group of companies surveyed. Their characteristics are approximately the same as in previous years, with one exception. The median asset size in 1982 was considerably larger.

In general, contributions as a percentage of PTNI and corporate size are inversely related: the larger the company, the lower the percentage relationships.

Conversely, education's share of a company's contributions budget generally increases with company size, especially with the manufacturing companies.

All of these relationships have been consistent over the years, both in recessions and in years of high profits.

By Marketing Area

Corporate contributions patterns vary according to the geographic location of the respondents. This is especially true for areas with high concentrations of a single industry—for example, rubber in Akron, steel in Pittsburgh, automobiles in Detroit. **Table XII** presents the relationships between education support and both PTNI and total contributions for 350 companies headquartered in 21 different marketing areas. The dollar amounts of profits and contributions and the percentage relationships between them vary widely. Companies in areas that have been especially hard hit by the recession show unusually high percentages of PTNI allocated to education. Detroit, for example, ranks 2 this year and ranked 1 last year. Otherwise, the rankings on both measures have been fairly consistent over the last five years, with the exception of Baltimore. Baltimore ranked 19 in 1978 and 1 in

1982 in terms of the PTNI-to-education-support ratio, mainly because several of the companies there posted losses in 1982.

Even though rankings on either measure in a given city do change from year to year, these changes are not often great. When the areas are divided into thirds and rankings compared over a five-year period, seven cities are seen to have occupied the same third with respect to the percentage of PTNI given to education, as have seven when education as a share of total contributions is considered.

Those in the same third for five years with respect to PTNI given to education are:

Top third: Minneapolis-St. Paul

Middle third: New York area, Philadelphia

Lowest third: Dallas-Fort Worth, Houston, Indianapolis, Kansas City

Those in the same third when ranked on education's share of total contributions are:

Top third: Cincinnati-Dayton, Detroit, Houston

Middle third: Philadelphia

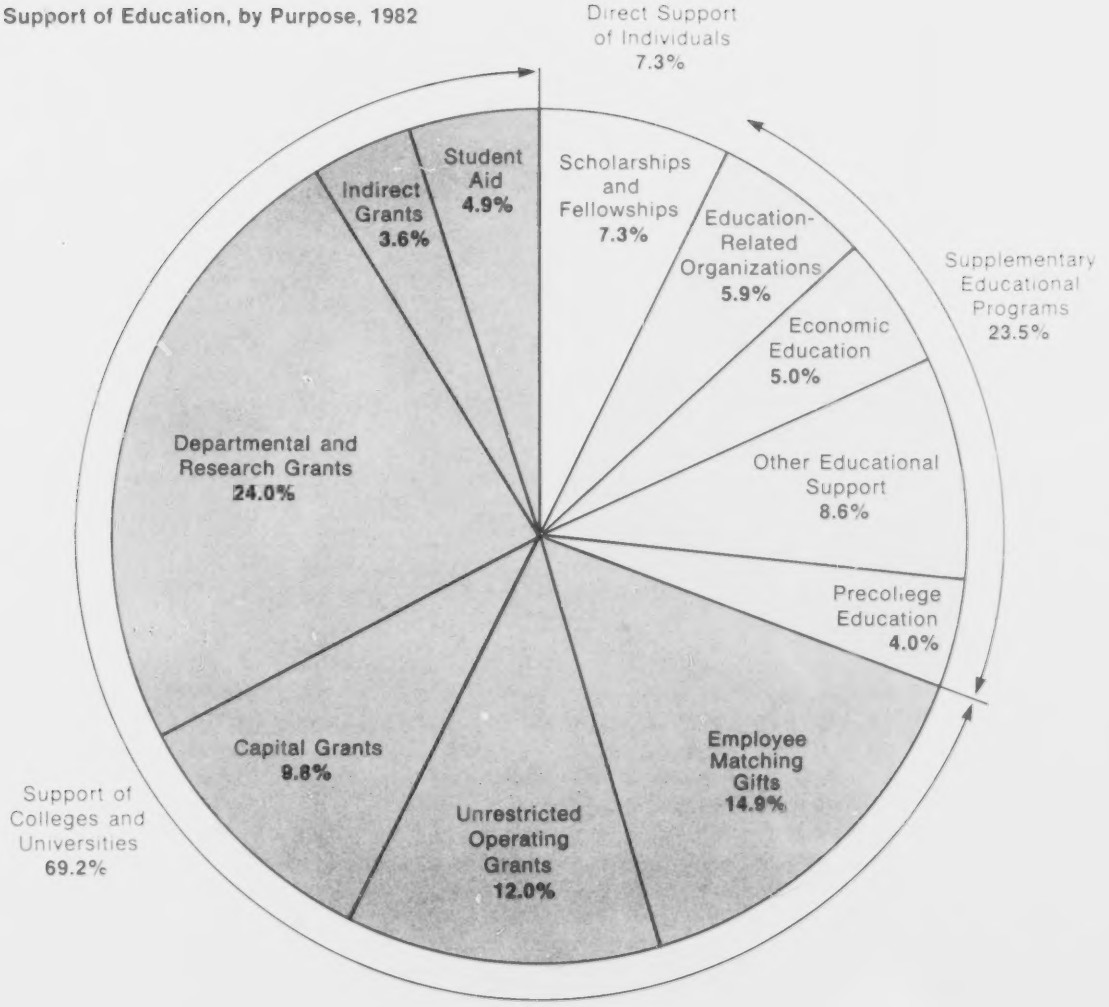
Lowest third: Baltimore, Indianapolis, Kansas City

Table XII
Support of Education by Major Marketing Areas, 1982

Marketing Area	Worldwide Pretax Net Income (millions)	Support of Education (000)	Support of Education as % of PTNI		Total Contributions (000)	Support of Education as % of Total Contributions	
			%	Rank		%	Rank
Akron(4)	$ 713	$ 2,380	.334	9	$ 6,670	35.7	12
Baltimore(7)	13	1,241	9.561	1	4,402	28.2	18
Boston(11)	1,868	38,176	2.044	3	46,821	81.5	1
Chicago(46)	9,973	25,398	.255	18	89,862	28.3	17
Cincinnati-Dayton(13)	1,696	13,238	.781	5	26,620	49.7	2
Cleveland(12)	3,609	11,572	.321	10	27,086	42.7	6
Dallas-Ft. Worth(10)	1,951	4,030	.207	19	11,867	34.0	14
Des Moines(3)	143	681	.475	8	1,444	47.2	5
Detroit(12)	1,144	23,650	2.067	2	48,142	49.1	4
Hartford(10)	2,172	10,943	.504	7	30,851	35.4	13
Houston(9)	6,242	16,052	.257	17	32,608	49.2	3
Indianapolis(5)	1,264	1,440	.114	20	6,876	20.9	21
Kansas City(2)	334	163	.049	21	652	25.1	20
Los Angeles(21)	8,275	23,724	.287	15	72,305	32.8	16
Milwaukee(11)	630	1,894	.301	13	7,536	25.1	19
Minneapolis-St. Paul(17)	2,841	19,346	.681	6	48,832	39.6	8
New York, Westchester, Southern CT/NJ(93)	51,596	162,182	.314	12	407,790	39.8	7
Philadelphia(24)	7,064	21,122	.299	14	55,173	38.3	10
Pittsburgh(13)	1,058	14,942	1.412	4	38,934	38.4	9
St. Louis(9)	3,334	9,466	.284	16	28,091	33.7	15
San Francisco(18)	7,318	23,009	.314	11	63,914	36.0	11

(Numbers in parentheses show the number of companies reporting.)

Chart 3
Corporate Support of Education, by Purpose, 1982



By Purpose

In alternate years survey participants are asked to give details about the purposes for which grants were made. The details of their responses are shown graphically on **Chart 3**. In addition, **Table XIII** presents the breakdowns given by the 534 participants in the 1982 survey and compares them with those from the 727 respondents in 1980.

The most dramatic change in the purposes of corporate gifts has been in departmental and research grants. Equipment gifts helped almost double the value of these gifts in two years and pushed their share to more than a third of direct support of colleges and universities in 1982. Gifts from inventory are especially attractive in recession years because they lower the value of inventory on hand, and they do not act as a drain on cash. When given to colleges for research or the teaching of research, the tax deduction is increased as the result of ERTA.

Although funds for student aid increased between 1980 and 1982, the proportion of corporate dollars allocated to such aid, either through the colleges or through third-party organizations, declined in the two-year period. Funds provided through matching gift programs continued their upward climb, both in dollar

amounts and in their share of total education contributions. These funds are generally unrestricted, but their increase did not offset the large decrease in the share of other gifts to colleges that were unrestricted. It is too early yet to assess the implications of this change on tight college budgets.

Industries vary tremendously in the purposes for which they make their education grants. These differences for the 450 companies that provided such allocations are shown in **Table XIV**. The emphasis of the machinery industry on departmental and research grants is especially evident.

Both the manufacturing and the nonmanufacturing industries decreased the percentage of unrestricted grants in 1982. Manufacturing industries gave less for capital grants, while the nonmanufacturing industries kept the proportion of these contributions steady. Both groups increased the percentage of their grants flowing through matching-gift programs and decreased the share given through fund-raising consortia.

Otherwise, the purposes for which the two groups as a whole made contributions were fairly consistent in 1980 and 1982.

Table XIII
Support of Education by Purpose

	1982 (534 companies)		1980 (727 companies)	
	Amount	% of Total	Amount	% of Total
Support of Colleges and Universities				
Direct Grants				
Unrestricted operating grants	$ 57,351,517	12.0	$ 55,964,379	16.4
Student aid	23,153,711	4.9	15,266,364	4.4
Departmental and research grants	114,562,163	24.0	64,684,605	19.0
Capital grants (including endowment)	46,845,124	9.8	46,374,217	13.6
Employee matching-gift programs	71,166,878	14.9	45,417,756	13.4
Total Direct Grants	$313,079,393	65.6	$227,707,321	66.8
Indirect Grants through Fund-Raising Consortia	17,380,919	3.6	14,854,354	4.4
Total Support of Colleges and Universities	$330,460,312	69.2	$242,561,675	71.2
Scholarships and Fellowships	34,568,267	7.3	31,179,990	9.1
Education-Related Organizations				
Economic education	23,895,936	5.0	15,135,011	4.4
Other	28,157,514	5.9	18,170,118	5.3
Precollege Education				
Employee matching-gift programs	5,196,817	1.1		
Other	14,028,165	2.9		
Total Precollege	19,224,982	4.0	12,689,035	3.7
Other Educational Support	40,907,924	8.6	21,464,025	6.3
Total Allocated	$477,214,935	100.0	$341,199,854	100.0
Total Unallocated	44,998,108		34,647,019	
GRAND TOTAL	$522,213,043		$375,846,873	

Table XIV
Percentage Distribution of Purposes of Educational Support, 1982

Industry	Total Support of Education (000)	Support of Colleges and Universities: Direct Grants: Unrestricted Operating Grants	Direct Grants: Student Aid	Direct Grants: Dept. & Research Grants	Direct Grants: Capital Grants	Direct Grants: Employee Matching Gifts	Indirect Grants Thru Fund-Raising Consortia	Other Educational Support: Scholarships & Fellowships	Economic Education	Educ. Related Orgns.	Precollege Education: Matching Gifts	Precollege Education: Other	Other
MANUFACTURING													
Chemicals(29)	$ 58,108	20.0	3.4	23.8	5.9	9.4	2.2	8.8	15.9	4.5	0.6	0.9	4.6
Electrical Machinery(33)	65,843	12.4	4.7	25.6	7.9	16.9	3.3	8.3	1.7	6.7	0.8	1.2	10.5
Fabricated Metals(8)	1,590	14.2	11.8	5.0	5.0	28.1	2.1	18.3	5.2	0.4	0.9	0.6	8.4
Food, Beverage & Tobacco(25)	28,769	7.9	3.2	26.9	16.0	11.3	4.4	10.1	2.6	3.6	1.0	2.1	11.0
Machinery(25)	45,216	5.6	1.1	77.2	1.7	3.9	0.8	2.1	1.3	1.5	1.1	3.1	0.6
Mining(2)	1,775	9.8	2.0	22.0	6.7	23.3	4.1	14.9	7.0	0.2	—	—	10.1
Paper & Allied Products(19)	9,260	17.0	15.1	6.7	9.7	9.0	4.1	12.5	5.2	7.7	1.4	8.7	2.9
Petroleum & Gas(26)	113,923	6.5	8.3	19.9	3.8	18.4	3.8	4.7	3.8	6.0	0.7	4.3	19.6
Pharmaceuticals(17)	16,343	6.5	3.0	30.4	10.8	15.0	5.8	12.2	3.4	6.0	2.3	1.2	3.3
Primary Metals(15)	14,611	10.6	4.3	16.0	22.4	15.2	5.6	10.1	6.4	4.7	1.6	1.8	1.3
Printing & Publishing(9)	5,309	16.4	4.9	6.4	12.3	31.8	8.2	4.3	1.2	3.4	6.9	3.9	0.1
Rubber(3)	2,127	9.0	6.4	12.8	5.6	8.4	5.9	8.2	4.4	0.4	0.3	38.3	0.1
Stone, Clay & Glass(7)	4,838	18.4	8.5	11.9	6.9	18.0	5.4	5.6	7.1	5.4	5.4	5.4	2.1
Textiles & Apparel(11)	2,799	9.3	3.9	5.4	15.4	18.2	5.2	18.9	12.0	5.3	1.4	4.9	n.s.
Transportation Equipment(12)	32,189	11.7	1.9	12.2	26.6	11.7	4.4	6.4	3.4	19.4	1.0	0.4	0.8
Total(241)	$402,701	10.6	5.0	27.2	8.6	13.9	3.4	7.0	5.0	6.2	1.0	2.7	9.2
NONMANUFACTURING													
Banks(52)	$ 17,257	18.1	4.2	7.1	19.1	19.2	2.0	6.3	4.7	4.6	2.6	8.0	4.2
Business Services(10)	3,530	25.6	2.3	0.3	14.9	35.0	1.1	7.0	5.0	1.7	1.0	1.8	4.3
Engineering & Construction(3)	1,518	10.7	—	43.4	0.7	24.1	1.9	0.7	3.0	—	—	0.7	14.8
Finance(6)	2,881	15.8	1.7	8.2	10.0	19.8	2.1	14.6	8.6	2.5	1.1	14.0	1.4
Insurance(48)	18,515	9.2	6.1	8.8	13.2	27.3	7.1	6.3	3.4	4.0	0.8	2.8	11.1
Merchandising(12)	4,556	52.4	7.1	2.3	12.0	4.7	1.0	1.6	3.1	4.2	3.0	7.7	1.0
Telecommunications(18)	13,679	19.4	0.4	2.4	19.9	20.4	5.2	15.4	5.0	8.8	0.3	0.4	2.2
Transportation(8)	3,446	8.7	6.9	6.9	23.7	15.6	12.9	11.7	8.1	0.2	1.7	2.8	0.8
Utilities(52)	9,132	33.8	3.1	5.5	16.6	10.4	4.5	9.8	8.0	3.1	1.6	0.9	2.7
Total(209)	$ 74,514	19.8	3.9	6.6	16.3	20.2	4.6	8.6	5.0	4.4	1.4	4.0	5.1
GRAND TOTAL(450)	$477,215	12.0	4.9	24.0	9.8	14.9	3.6	7.3	5.0	5.9	1.1	2.9	8.6

Appendix

The Problems of Measuring Total Corporate Contributions Nationally

At the present time the only nationwide data on total corporate philanthropy in the United States are those tabulated by the Internal Revenue Service (IRS) from the corporate income tax returns filed each year. In some instances these figures include monies that were not actually paid to donees in that year, and in other cases they do not include all of the contributions dollars received by charitable organizations in the year. Although the magnitude of the differences between the IRS figures and actual contributions is not now known, this survey is collecting data that may make future estimates possible. It is already evident that the differences are significant and that they vary from year to year, depending on business conditions, earnings on the assets of corporate foundations, tax regulations and other elements. Four factors contribute to the differences.

1. The figures reported by corporations on their income tax returns *include* contributions to company-sponsored foundations but *exclude* the gifts and grants made by these foundations. Company foundations were established primarily to insulate the flow of contributions from the ups and downs of the business cycle. Typically, therefore, the amounts given by a company to its foundation in a prosperous year will exceed the contributions made by that foundation, thus enabling the foundation to add to its reserve against leaner times. The IRS figures in this year will overstate the amounts actually given to donees. Conversely, in depressed times when company payments either slow or stop completely, the foundation will draw upon its reserves to maintain the level of its contributions program. The IRS figures for these years will understate actual gifts and grants.

2. The tax code allows for carryovers of contributions from past years and into the future, thus distorting reported amounts of gifts and grants. The tax code provides that certain exclusions and deductions, not ordinarily recognized by generally accepted accounting principles, may be used by corporations in calculating their taxable income. These provisions can result in taxable income that is significantly lower than pretax net income. The code also provides that up to 10 percent of taxable income can be deducted for charitable contributions for taxable years starting after December 31, 1981. Anytime contributions exceed this allowable percentage, the excess contributions can be carried over into the following years (Section 170(d)(2)). An unknown portion of the amount reported by corporations to the IRS *includes* excesses from previous years and *excludes* amounts paid during the current year that are being carried into future years.

3. Many companies use the right to "prepay" contributions, as provided in Section 170(a)(2) of the tax code. Under certain circumstances contributions made in the first two and a half months of a year may be taken as a deduction from the prior year's income. An

undetermined amount of the contributions reported to the IRS includes funds that were actually disbursed in the following year.

4. Special provisions allow mutual insurance companies, mutual savings banks, savings and loan associations and similar corporations to compute income taxes without reference to charitable contributions. These companies do not have to report their contributions when filing their tax returns. The size of these omissions is not known, but their effect is to cause the IRS figures to understate contributions.

It is clear therefore that the total amount actually received by charitable organizations in any given year will differ from the amount tabulated by the IRS from corporate income tax returns for that year. Although the size of the difference is not known, 26 percent of the respondents to the 1982 survey indicated that the amounts reported on the company tax return were not the same as those reported in the survey in 1982. The accumulation of data from the companies participating in this survey over the years will provide a basis for adjusting the IRS data in the future so that more accurate estimates can be made of the actual annual receipt of philanthropic dollars.

Definitions: Contributions

Because of the problems with IRS contributions data outlined above, this report contains figures with different bases. The national contributions totals in Table I are from the IRS; all other figures on total contributions and support of education are based on figures reported by the respondents and *include* gifts and grants made by their company-sponsored foundations, as well as contributions made directly by the companies themselves, but *exclude* payments by the companies into their foundations. Most of these figures are for payments actually made during the year and exclude any carryovers or prepayments reported for income tax purposes.

Definitions: Financial Data

The information regarding assets and pretax net income is what the survey respondents reported to their stockholders and to the financial community in their consolidated financial statements. It includes dollars derived from overseas sources as well as from domestic operations. The data for companies without international operations are included in the "worldwide" figures. A number of companies, however, expressed an interest in information related only to operations in the United States since most contributions are limited to institutions in this country. A few comparisons are made using this domestic data, although worldwide figures are used in most of the analyses. The Conference Board's *Annual Survey of Corporate Contributions* includes additional tables with detailed comparisons of "U.S. Only" data.

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